

Message Text

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PAGE 01 GUATEM 01784 292325Z

15

ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 INR-10

LAB-06 NSAE-00 RSC-01 SIL-01 TRSE-00 SPC-03 AGR-20

PA-04 USIA-15 PRS-01 DRC-01 /114 W

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R 291930Z MAR 74

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 2636

INFO AMEMBASSY MANAGUA

AMEMBASSY TEGUCIGALPA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

C O N F I D E N T I A L GUATEMALA 1784

E.O. 11652: GDS

TAGS: ECIN, EAID, GT

SUBJECT: CACM: REACTION TO THE LAST HLC MEETING

REF: (A) GUATEMALA 1718; (B) TEGUCIGALPA 1301

1. GOG REACTION TO LAST HLC MEETING (REF A) HAS BEEN NEARLY NON-EXISTENT. IN CONVERSATION WITH EMBOFF MARCH 28 GOG VICE-MINECON INTEGRATION BARRIOS WAS GENERALLY UNAWARE OF WHAT HAD BEEN AGREED UPON IN SAN SALVADOR. AS HAS BEEN POINTED OUT BY VARIOUS PARTIES ON VARIOUS OCCASIONS, GOG IS LEAST PREPARED OF ALL CA GOVERNMENTS FOR RESTRUCTURING NEGOTIATIONS. GOG HLC REPRESENTATIVE ALONSO PRIOR TO MEETING MET NEITHER WITH PRIVATE SECTOR GROUPS NOR GOG'S NATIONAL INTEGRATION COMMISSION. HE ACTED AT MEETING ENTIRELY ON OWN JUDGEMENT. THE EXPLANATION FOR THIS STRANGE STATE OF AFFAIRS SEEMS TO BE A LACK OF INITIATIVE ON BOTH SIDES. NEITHER HAS ALONSO SOUGHT GUIDANCE NOR HAS IT BEEN OFFERED (IN ANY MEANINGFUL, DETAILED MANNER) BY THE GOG OR THE CHAMBERS. (FOR REASONS THAT ARE NOT CLEAR, BARRIOS, NOTWITHSTANDING HIS TITLE, FEELS UNABLE TO INTERVENE AND CHAMBER OF INDUSTRY REPS WERE NOT EVEN AWARE HLC WAS SCHEDULED TO APPROVE INDUSTRIAL POLICY

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PAGE 02 GUATEM 01784 292325Z

GUIDELINES*) CONSEQUENTLY, MAYORGA WAS NOT STRICTLY ACCURATE IN

THE CASE OF GUATEMALA WHEN HE STATED THAT THE CONSENSOS "REPRESENTS POSITIONS ACCEPTABLE TO THE GOVERNMENTS". GUATEMALA REACTION TO THE DECISIONS TAKEN IN SAN SALVADOR WILL COME WHEN/IF THE GOG AND THE PRIVATE SECTOR ORGANIZE THEMSELVES TO PREPARE COHERENT NATIONAL POSITION ON RESTRUCTURING. AT THAT TIME THEY WILL COMPREHEND THE IMPLICATIONS OF WHAT HAS BEEN AGREED UPON.

2. ALTHOUGH IT MAY BE RASH, EMBASSY WOULD PREDICT GUATEMALAN REACTION, IF SUCH MOMENT EVER ARRIVES. WHEN THE GUATEMALAN PRIVATE SECTOR (ESPECIALLY THE CHAMBER OF INDUSTRY) LEARNS THAT THE HLC HAS "ESPOUSED GREATER PUBLIC SECTOR DIRECTION OVER INDUSTRIAL DEVELOPMENT" IT WILL SIMPLY SAY "NO", AND THE GOG WILL LISTEN. MAYORGA MAY SPECULATE THAT THE "GOVERNMENTS MAY HAVE TO TAKE DECISIONS WITHOUT CONSENSUS OF PRIVATE SECTOR", BUT SUCH SPECULATION ONLY DEMONSTRATES HIS POLITICAL NAIVETE.

3. GIVEN SUBJECT MATTER, COMMENT IS ALSO IN ORDER ON EMBASSY TEGUCIGALPA'S OBSERVATIONS RE GOH CURRENT STANCE (REF B). IN SO FAR AS WE UNDERSTAND SITUATION, EMBASSY TEGUCIGALPA'S PRESENTATION IS A FAIR REFLECTION OF THE HONDURAN ASSERTION THAT IT IS THE WEAK SISTER OF THE REGION AND, ACCORDINGLY, REQUIRES SPECIAL TREATMENT. ON THE BASIS OF CONVERSATIONS WITH PUBLIC AND PRIVATE GUATEMALANS DURING PAST SEVERAL YEARS, WE SUGGEST THAT IT ISN'T ENOUGH FOR THE GOH TO PLAY THIS THEME REPEATEDLY; EVENTUALLY IT MUST PROVIDE CONVINCING SUPPORTING EVIDENCE. GUATEMALANS SIMPLY DON'T BUY THE HONDURAN ASSERTIONS OF WEAKNESS LOCK STOCK AND BARREL. WHILE THEY ADMIT TO ELEMENTS OF TRUTH IN THE ARGUMENT, THEY ALSO REMAIN CONVINCED THAT HONDURAS IS A NET BENEFICIARY OF INTEGRATION. PERHAPS IT HASN'T BENEFITED AS MUCH AS SEVERAL OF THE OTHER COUNTRIES, GUATEMALANS REASON, BUT IT IS BETTER OFF THAN IT WOULD HAVE BEEN IN THE ABSENCE OF INTEGRATION. BY WAY OF FINAL REJOINDER, THEY ASK WHY INTEGRATION HASN'T BENEFITED GUATEMALA'S INDIAN CORN GROWERS AS MUCH AS IT ONCE DID HONDURAN CAMPESINO CORN PRODUCERS.

3. GIVEN SUCH CONFLICTING VIEWS, PERHAPS IT IS TIME FOR THE GOH TO DOCUMENT ITS CASE BY QUANTIFYING ITS WEAKNESS, AS
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PAGE 03 GUATEM 01784 292325Z

THE MOST RECENT ISSUE OF THE ECONOMIST EDITORIALIZED, IF LABOR REFUSES TO SPECIFY A GDP TARGET, THEN THE TORIES SHOULD VOTE FOR A DIVISION OF THE HOUSE.
MELOY

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